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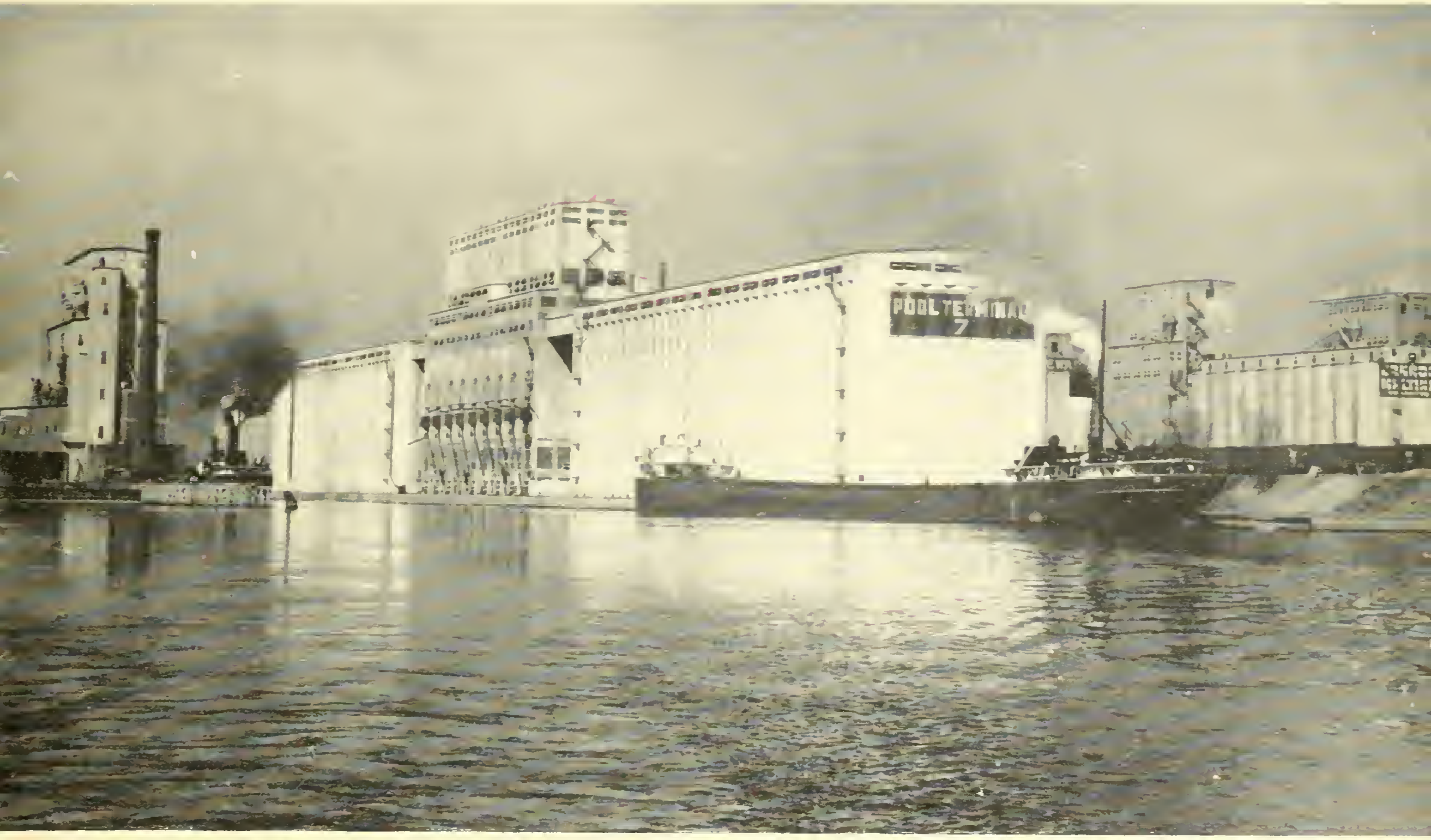

Grain elevator, Canada

U.S. Trade Policy and GATT

The Soviet New Lands

Coffee Is Big Business

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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February 1961

World Food Problem

In this issue we report the good news that 1960-61 world production of farm products is setting a new high record.

As we read further, however, we find that only part of the world's people share in this good news. The countries that already have the best food supply continue to make the most improvement—Canada, the United States, Western Europe, for example. Those that have food shortages are making the least improvement—Latin America and the Far East, as leading examples.

Greater sharing of food supplies by the surplus-producing nations with the deficit nations is desirable and necessary, but that alone will not solve the problem. It has been estimated that if the huge stocks of carryover wheat in Canada and the United States were entirely distributed in underdeveloped countries, the world food shortage would be substantially met for one year only.

The world food problem centers particularly in the Far East, where half the world's population resides. There also are pockets of chronic food shortage in the Middle East, Africa, and Latin America. Improved distribution of food supplies, such as through Public Law 480, is helping to meet these needs, but in the main the enduring problem must be met through increased agricultural production in the deficient areas themselves. This increased production cannot happen overnight. It will have to be built on greater literacy, research, extension, and application of agricultural technology. It must be accompanied by economic development in such lines as increased production of chemical fertilizer.

The world is making distinct progress in improving its agricultural production but it is a race with population growth. Feeding people ranks with maintaining peace as the greatest challenge of the age.

Cover Photograph

Terminal grain elevator owned by the Saskatchewan Wheat Pool, at Port Arthur, Lake Superior. Other pictures showing grain storage around the world appear on pages 12-13.

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U.S. Trade Policy and GATT

This article explains the relationship between U.S. trade policy and GATT. The subject is timely, for 1961 is witnessing the 18th session of GATT's contracting parties, its fifth set of tariff negotiations, and its discussions on the Common Market.

U.S. trade policy, in its simplest terms, encourages expanded world trade on a multilateral, nondiscriminatory basis, principally through operation of the U.S. Trade Agreements Program. It is a liberal trade policy. It involves the complex of legislation by which Congress had granted the President power to enter into trade agreements and to negotiate reciprocal reduction in U.S. import duties. It also includes the administrative structure created by the President to put into effect the authority granted him.

It is under the Trade Agreements Program that the United States takes part in the General Agreement on Tariffs and Trade (GATT). By any standard, GATT is a highly significant compact. Thirty-seven nations adhere to it; most of the world's trade moves under its rules. Therefore, those rules are well worth remembering. As written out in the cold prose of the Agreement, the many rules seem complex. Actually, however, they can be reduced to a few fundamentals. The basic rules of GATT, at least for the purposes of this paper, may be expressed as follows:

(1) *The only legitimate trade barrier, consciously applied as a trade barrier, is the import or export duty.* This rule amounts to a prohibition on all forms of nontariff barriers designed to protect domestic industry. It does not, however, outlaw sanitary or marking regulations, customs practices, and the like when used for their legitimate purpose, despite the fact that these have some incidental protective effect. There are exceptions to this rather severe rule, of course.

(2) *Import duties are subject to reduction or binding through negotiation.* This does not mean that every contracting party must be prepared to reduce every duty upon request, but it does mean acceptance of the principle of negotiated reduction. Under this rule the contracting parties have entered four major tariff negotiating conferences and are preparing to enter a fifth.

(3) *Trade barriers are to be applied in a manner which does not favor one contracting party over another.* This is the most-favored-nation rule. There are in GATT some exceptions to this rule, also. The principal ones accommodate the several tariff preference systems which were in existence when GATT was developed, countries in balance-of-payments difficulties, and countries which form free trade areas and customs unions.

(4) *Commodities should be free of subsidies which materially interfere with traditional trade patterns.* GATT provides that if a subsidy is used by a country to increase exports or decrease imports, that country must report the subsidy to the other contracting parties with a statement showing why the subsidy is necessary and an estimate of its effect upon trade. Export subsidies on primary products must not be applied in a manner which results in the subsidizing country having more than an equitable share in the world trade in that product. Export subsidies on nonprimary products shall not extend beyond the scope of subsidization existing on January 1, 1955.

There are a number of exceptions, both permanent and temporary, to these basic rules. The more familiar, certainly, are those which deal with injury to domestic industry (the escape clause), balance-of-payments difficulties, and the procedure by which the contracting parties acting jointly in exceptional circumstances can waive any obligation in the Agreement. There are also exceptions for governmental assistance to industry and agriculture in underdeveloped countries, for actions required for national security and for agriculture under certain circumstances.

Under the agricultural exception, a GATT contracting party is allowed to impose import restrictions on agricultural or fishery products if like domestic products are subject to restrictive production or marketing controls. For example, wheat, cotton, and peanut production controls in the United States provide a basis for nontariff import restrictions.

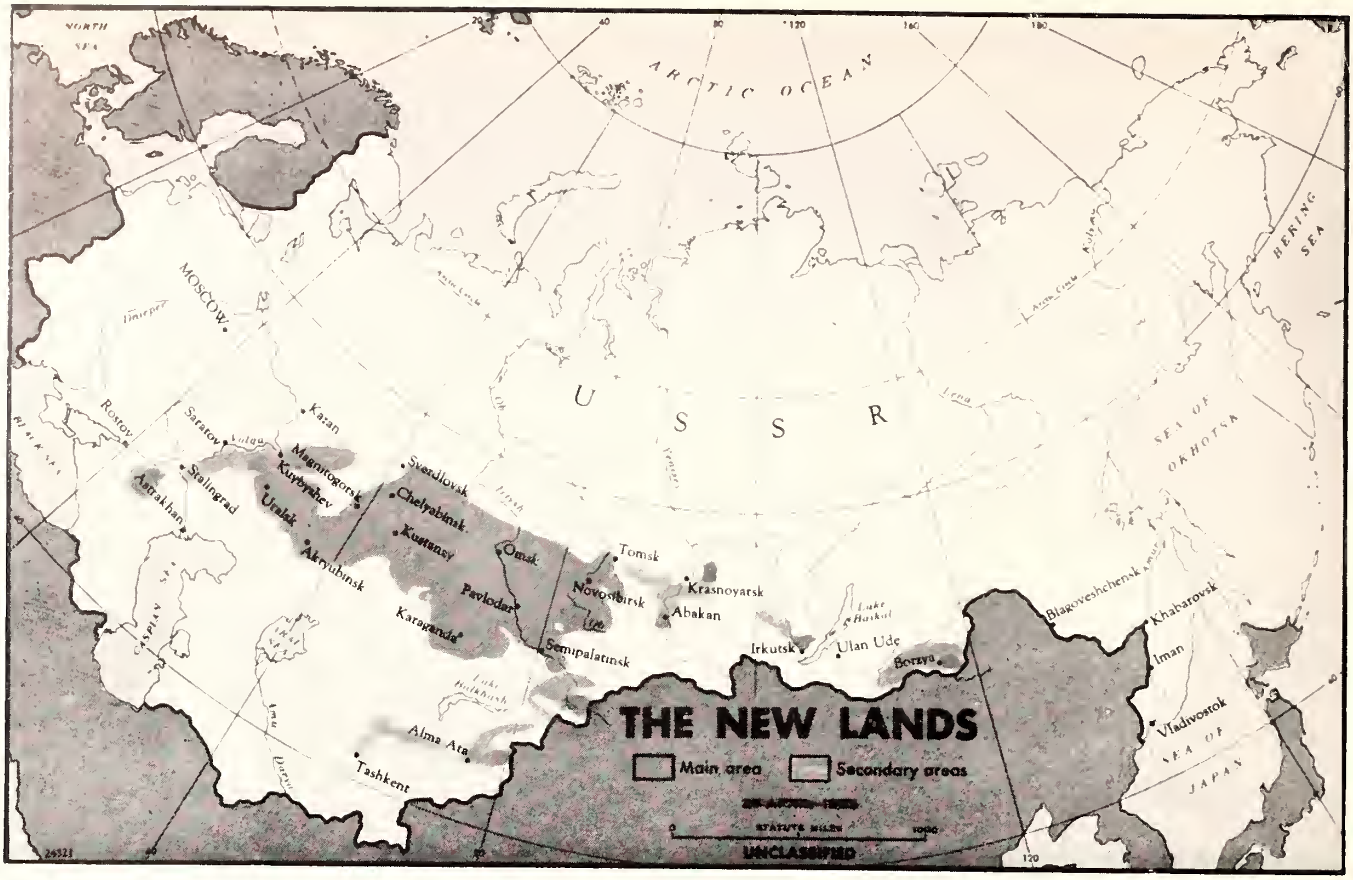
These are the basic international trade rules under which domestic import and export programs of the United States and any other contracting party must operate. As with other trade agreements, of course, direct representation to the country concerned, through normal diplomatic channels, remains the primary method for the protection of interests. The GATT contracting parties, however, provide a forum to which a contracting party can turn if normal diplomatic representation is not fruitful of results.

The contracting parties cannot impose an adverse decision upon another contracting party. The Agreement is not coercive in this respect. They can, however, authorize retaliatory action by contracting parties who believe any benefits accruing to them under the Agreement are being impaired by actions of another party to it. In any event, the contracting parties help police the Agreement; they can, and do, hold up for the scrutiny of all other contracting parties, and the world, actions which violate the code of trading practices to which these countries have subscribed. This process unquestionably has a decided influence on the international trade practices of all member countries, including the United States. You can be sure that both our export and import programs undergo careful scrutiny in this international forum.

The United States, in turn, scrutinizes actions of other countries. For example, the United States has tried to bring about a more strict conformity to the GATT rule prohibiting quantitative restrictions as an import barrier.

(Continued on page 20)

Part of a paper read by FAS Administrator Max Myers to the First Annual Farm Policy Review Conference, at Ames, Iowa, Nov. 29.



The Soviet New Lands—Destiny or Dust

By EUGENE T. OLSON
East European Analysis Branch
Foreign Agricultural Service

Last summer a group of U.S. agricultural specialists visited the northern Kazakhstan area of the fabled New Lands as part of a month's tour of major grain producing and storage centers in the Soviet Union.[1] In these New Lands areas, located mainly in Kazakhstan, western Siberia, and the Ural and Trans-Volga regions, one sees and hears much about the major contribution this area of over 200 million sown acres will make in achieving the government goal of increasing agricultural output 70 percent in the 7 years from 1959 to 1965. At the same time, the agricultural observer is not only deeply impressed by the productive potential of this vast virgin area but also with the magnitude of the problems confronting the New Lands. One problem above all seems to haunt farmers and officials pioneering these flat plains—wind erosion, or "the black storm" as it is called by the Russians.

Historically, dust storms in Russia have shown little regard for differing political systems. In June 1896, Czarist Russia reported dust storms sweeping along a 2,000-mile path from Akmolinsk (now the center of the New Lands) to the western borders. In 1928, dust storms plagued the fertile Ukrainian farm belt, and in 1936, the wind erosion loss of over 450,000 acres of crops in the North Caucasus was claimed. This spring the southern Ukraine and northern Caucasus farm belts were again hit with severe dust storms which reportedly shut out the sun, but the New Lands areas in Siberia, Kazakhstan, and Trans-Volga, experiencing an unusually wet season, were said to have escaped with only a few isolated instances of wind erosion.

In 1954 Premier Nikita Khrushchev launched the stepped-up New Lands program with considerable fanfare and reaffirmation of goals to increase agricultural output. Men and machinery were pushed into the new areas at a feverish pace, and by 1960 it is estimated that at least 90 million sown acres were added to the New Lands. Most of these acres were added during 1954-56. With unusually good weather in 1956, grain output in the New Lands area that year reached a peak, accounting for half of the Soviet grain crop, according to official data. This share has since fluctuated at lower levels, though the New Lands still supplied close to 60 percent of all grain procured by the government in 1958 and 1959 and more in 1960.

Now, for the first time since the inception of the program, accumulating difficulties apparently are inducing a shift in the policy of acreage expansion. In spite of harvesting the largest total acreage in the country's history—over 500 million acres—and with some New Lands leaders still

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[1] The group included V. John Brensike, Lawrence Zeleny, Leo E. Holman, Agricultural Marketing Service, USDA; Raymond E. Vickery, Eugene T. Olson, Foreign Agricultural Service, USDA; John C. Cowan, Assistant to the President, Dannen Mills, Inc.; and Roy C. Durham, Technical Consultant to the flour milling industry.

Typical cyclone fans used for aerating grains in flat storage in Krasnodar, Northern Caucusus.

Top, "dry-cleaner tower" being constructed near elevator at Aman-Karagi. Above, typical of the New Lands are flat fields stretching to horizon.

clamoring to bring an additional 10 million acres of virgin soil under plow, Soviet officials are calling for a shift of emphasis to intensive farming. As stated in the announcement for the December 1960 Central Committee meeting in Moscow, "the proper approach now is not extensive farming based primarily on an extension of sown acreage, but rather upon improved intensive farming to achieve the maximum quantity of products per hectare of land and unit of labor."

The U.S. grain marketing delegation which flew over much of the vast expanse of New Lands to visit the newly developed grain center at Kustanai in northern Kazakhstan came to the general conclusion that weather, labor, and technical problems constitute formidable obstacles to achieving the planned increase in production through increases in yields per hectare. Yet such an increase in production is a crucial factor in the government's drive to expand the agricultural output of the Soviet Union in the next few years.

This drive itself complicates the problem of increasing yields. Most of the land plowed up in recent years lies in regions of low and very irregular rainfall that are subject to frequent droughts. If dustbowl conditions and crop failures are to be prevented, perhaps as much as a fifth or more of the newly plowed acreage should be annually rotated as summer fallow. This is well understood in the Soviet Union. But the Russian farmers are asking how they can meet production goals and still take land out of production to follow crop rotation and fallow practices.

One of the things the delegation observed in the New Lands was its striking similarity to the prairie landscape of the northern Great Plains regions of the United States. And almost as interesting was the very evident vigor and enthusiasm of the local populace composed mainly of farmers gathered from all over the USSR. They appeared to enjoy calling themselves "pioneri" (pioneers) and were always eager to show the American visitors their achievements. The delegation was also struck by the prominent displays of brightly colored posters urging farmers "to reach and surpass the per capita agricultural production of the United States."

The Soviet Government apparently is not unmindful of the benefits of such stimulating competition, and consequently it is not unusual to find the local press and radio spurring the people on to "glorious achievements" and street bookstands displaying agricultural publications with such titles as "The Peoples Victory." Last fall the newspapers featured photos of singing students, discharged soldiers, and farmer "volunteers" migrating to the New Lands to help with the harvest. Local governments, however, are facing the problem of producing adequate housing for the yearly influx of migrant laborers and especially for those who elect to stay; and while some homes visited on the state farms appeared to be comfortable, at least the outside of others was reminiscent of the "sod shanty" days of our own early West.

Storage Problems

The Soviets readily admitted that elevator and flat storage is currently another critical problem in the New Lands area, and the delegation asked to visit some of these facilities nearby. Those we saw were roughly built but appeared to be functionally sound. The question is one of capacity.

While most new storage construction in recent years has been in the New Lands, Soviet officials informed the delegation that it would be 5 or 6 years before sufficient elevator and flat storage will be built in that area. The New Lands area is earmarked for at least 70 percent of all the new capacity to be constructed in the Soviet Union during that time. In Kazakhstan alone, plans call for doubling the current storage capacity of 9.8 million tons by 1965. But plans and construction have not kept pace. Last year in Kazakhstan the construction plan was less than half fulfilled, and in the Kustanai area, construction for 16,000 of the planned 220,000 tons was completed by harvesttime.

Another storage problem observed in the New Lands was the unusually high moisture content of the grain. Elevator officials stated that it can run as high as 30 percent and that they are required to dry the grain to 14 to 15 percent. They hoped to alleviate the situation by building a number of so-called dryer-cleaner towers in the vicinity of grain storage centers. These towers, called *sushil'no ochistitel'naia bashni* and abbreviated to "SOB" by the Russians, are designed to serve each 25,000 tons of grain storage capacity. The first two were built in 1955, and by 1958 there was a total of 551, of which 477 were located in the New Lands. Also mentioned frequently was the corresponding lack of machinery for aerating grain in flat storage in the New Lands. The delegation was informed that the present New Lands capacity for aerating approximately 10 million tons in flat storage must be nearly doubled by the end of 1965.

Whether the storage facilities planned will all be needed by 1965 depends, of course, on success in further expanding grain production. In view of the production difficulties now plaguing the New Lands, there is considerable wisdom in the government decision to shift policy to greater emphasis on improving yields. Published Soviet statistics have indicated modest yield increases, especially for spring wheat, the major grain crop of the area, but current levels reflect considerable room for improvement. Spring wheat yields in the Soviet Union and Kazakhstan for the period 1954-58, including the 1956 peak, averaged 11.9 and 11.3 bushels per acre, respectively, according to official sources. Our own for the same period, including the 1958 peak year, averaged 18.1 bushels per acre.

Crop Practices

In improving yields, Soviet farmers and officials will be confronted with a whole host of problems resulting from years of faulty crop practices in the New Lands. Knowledge of fundamentally sound crop procedures associated with seed improvement and weed control as well as with crop rotation and wind erosion control does not appear to be lacking, but the delegation saw little evidence of their application in the New Lands. One state farm in the Omsk region (some of these farms average over 50,000 sown acres) was reported to have sown the same area to wheat for the 6 years since the New Lands program was launched; thus it now has serious wind erosion and weed control problems.

Because of the political and propaganda pressure for production and expansion in the New Lands it is not surprising that few areas have been able to adopt soil conservation practices involving reduction in the acreage cropped. But the delegation was told that some are plowing without moldboards or are using light disking to avoid excessive soil pulverization. Other regions were reported as using straw-mulching. The Akmolinsk area of Kazakhstan, for example, reported that since 1958 the seeding of shallow-plowed stubble fields is up from 178,000 acres to nearly 2.5 million.

SHARE OF THE NEW LANDS IN SOVIET GRAIN ACREAGE AND PRODUCTION

Year	New Lands share in—		
	Sown acreage	Grain production	Grain procurement
	Percent	*Percent*	*Percent*
1953	31	33	35
1954	33	44	51
1955	39	26	30
1956	41	50	68
1957	41	36	48
1958	41	41	58
1959	41	43	59

Official Soviet sources.

The Soviet Government apparently feels that weed control and seed improvement programs alone should increase yields sufficiently to offset losses in cropped acreage resulting from adoption of recommended fallow and crop rotation practices. There may be some justification for this view. Only about 50 percent of the New Lands is sown to the approved *sortoviye,* or *elite,* seeds, and this limited use of improved seed, the Soviets estimate, may mean 15-25 percent smaller yields.

The Big Question

Quite probably the techniques and modern farming equipment now employed in the New Lands can do much to mitigate the effects of weather, particularly the frequent late springs and early falls, but they are inadequate as safeguards against the ever-present hazard of wind erosion. Whether the huge state farms that predominate in the New Lands adopt known soil conservation practices will depend in large measure on government incentives offered to do so, and also on local reaction to continuous pressure from above to increase production. It does not appear likely that the government will retreat from its avowed intention to increase grain output. And Chairman Khrushchev, in dismissing the Party Secretary in Kazakhstan last year, and more recently other local agricultural officials, has made it clear that "organizational difficulties" or human error will not be tolerated in the drive to do so.

At the same time, the recent decision to emphasize increased yields should give some leeway for the farms to adjust their cultivation practices. It could even be a powerful motive for adopting proper crop rotation and other techniques to control soil blowing. But if increased production, regardless of how obtained, remains the major motivation and soil conservation is neglected, then the threat of dust storms of a magnitude seldom witnessed in this world hangs like a black specter over the endless fields of fresh broken sod in the New Lands.

OECD Treaty of Economic Cooperation Signed in Paris

The signing of the OECD convention in Paris on December 14, 1960, is the latest development in current efforts to further economic collaboration in the Western World. The OECD—Organization for Economic Cooperation and Development—is the successor to the OEEC—the Organization for European Economic Cooperation—which came into being in 1948 to help allocate the Marshall aid funds among European countries and which did much to further the rebuilding of West Europe's economy after the devastations of World War II.

With the basic task of OEEC accomplished at the end of the 1950's, a new form of cooperation was sought, one in which the United States and Canada could be full partners. In the old OEEC these two countries were observers, though they took an active part in certain activities, for instance in the annual reviews of agricultural policies. Furthermore, it was felt that aid to less developed countries needed increased attention and called for new and coordinated action among the countries which now have become partners in OECD.

In January 1960 the first steps were taken toward working out the new agreement. In July a Preparatory Committee was established which was to draft the OECD convention, define the organization's structure, and make recommendations on what activities of the old OEEC should be carried over into the new grouping. The Committee concluded its work in early December, and on December 14, Ministers of the 20 member countries met in Paris and signed the convention. The United States, Canada, all the West European countries except Finland (never a member of OEEC either), and Turkey were signatories.

The convention provides for the establishment of a council, the supreme body of the organization. In addition, the Ministers agreed on a committee structure to assist in implementing the aims and carrying on the activities of the organization.

Aims and Functions of OECD

In brief, the aim of OECD, as stated in article I, is to achieve in the member countries sound economic development at a high level of activity, promote economic expansion in underdeveloped countries, and contribute to an expansion of world trade on a multilateral basis.

In many respects the new organization will continue the functions of the old OEEC, using the methods which OEEC had developed. An outstanding characteristic of OECD, as it was of OEEC, is that the member countries relinquish none of their sovereignty. Consultations on matters of concern to the organization, with a view to developing the countries' diverse economic policies in a harmonious manner, will remain a cornerstone of operations. Thus the international aspects of national policies, now as before, will be a primary concern of the organization. Decisions for specific actions, binding upon all member countries, can be reached only by unanimous consent.

Among the new features of OECD is the prominence given to the relationship with countries in the process of development. The convention provides for coordination of efforts to channel to such countries the resources available—capital as well as technical assistance—and for consideration of the countries' need for expanding export markets. For this purpose, a Development Assistance Committee is being established within OECD.

OECD and Trade

New too is the establishment of a Trade Committee, which will arrange for "confrontations" of the general trade policies and practices of the member countries at regular intervals. This committee will also examine specific trade problems of interest to members and will consider trade problems arising from the existence of the two trade groups that are now developing among West European countries: The 6-country European Economic Community and the 7-country European Free Trade Association.

For a number of years one of the most important activities of the old OEEC was the freeing of trade among the member countries. In the early days of the organization, when the dollar shortage was an overriding consideration in trade relationships, such regional trade liberalization had much merit, though it involved discrimination against outside countries. With the disappearance of the dollar problem in Western Europe, however, the relaxing of the trade restrictions that remain must now have reference to the whole Free World.

OECD and Agriculture

In agricultural matters, the work of OEEC will be largely continued. The Preparatory Committee recommends that OECD retain the annual agricultural policy confrontations that have taken place for the last 5 years within OEEC. It also recommends that studies and other activities concerned with producing and distributing farm products continue. An Agricultural Committee will consider pertinent agricultural problems and make recommendations to the Organization concerning them. These will include questions of assistance to developing countries on agricultural matters.

During the existence of OEEC the former Ministerial Committee for Agriculture took action on a variety of subjects of interest to agriculture. The Preparatory Committee mentions as examples of OEEC acts that may usefully be maintained by OECD those pertaining to farm price indices, manpower statistics, a standard code for testing agricultural tractors, improvement of short-term forecasting methods for hog production, and establishment of an OEEC scheme for the varietal certification of herbage seed moving in international trade. Though OECD is expected to continue many of the OEEC acts under which these and other activities were carried on, they must all be accepted unanimously by the new OECD Council in order to continue in effect.

The OECD convention will go into effect on September 30, 1961, if at least 15 signatory countries have ratified it by that date.

Photos courtesy Pan-American Coffee Bureau

Above, picking the ripe cherries, of which it takes 2,000 for a pound of roasted coffee. Top, depulped beans travel by sluiceways to drying area.

Coffee Is Big Business

So important is this commodity in the trade between the United States and Latin America that a vast and complex marketing system has been built up to handle it.

By FOSTER E. BLACKBURN
Import Division, Foreign Agricultural Service

Last year approximately $2 billion worth of coffee entered world trade and of this, $1.5 billion was shipped by Latin American countries. On any terms, this is big business. But what these figures do not spell out is how important the coffee trade is to the countries that grow it and to the United States, which is by far the world's largest coffee buyer.

Coffee is the heart of the economy in most of Latin America. It is the area's biggest export crop and it accounts for the biggest share of foreign earnings—in several countries as high as 60 to 80 percent. Also over 100 million people in the producing countries depend either directly or indirectly on coffee for their livelihood. For the millions of small farmers, it is often the only cash crop.

In the United States, coffee belongs to our way of life. We've long been a nation of coffee drinkers, and at the present time we are consuming it at a rate close to 400 million cups a day. So great is our demand for coffee that it ranks after petroleum as our second largest import, for which we spent over $1 billion dollars last year.

With these dollars the Latin American countries buy U.S. goods. But any decline in the price of coffee can seriously affect our exports to that region. In 1957, they were valued at $3.9 billion, and in 1959 they dropped by almost $1 billion.

This trade between the Americas has been going on since colonial days, and coffee has been a part of it, gradually increasing in quantity year after year, then making a big jump after World War II. And as coffee expanded and became the enormous industry it is today, a great complex of marketing and related services developed to handle it.

Probably the turning point in the marketing of coffee was not so much the postwar expansion in trade as the vacuum can which had gained widespread use by the late 1920's. Prior to that coffee beans were picked, processed, shipped to the United States in bags, and sold in grocery stores in burlap bags and bins. Most stores had grinders and so did most homes. There was only one kind of coffee in those days—boiled, with an eggshell to settle the grounds. (Today most American homes have two or three kinds of coffee pots, though the percolator is the favorite.)

By preventing oxidation so that the oil in coffee does not become rancid, the vacuum can led to radical changes in marketing. Coffee merchants were now able to insure the delivery of fresh roasted coffee, with no fear of its becoming stale in a short time. This enabled them to concentrate on brand names and to advertise their product. And because they could now control the quality of their coffee, they became more selective in their purchasing of coffee beans.

The advent of the self-service store also affected coffee merchandising. Prices became more competitive and, as they did, coffee gained even wider acceptance in this country. Coffee is no longer just a meal-time beverage; the "coffee break" has become a national institution in this country.

Considerable hand labor goes into the processing of coffee. Not only are the cherries hand-picked but the dried beans are sorted and graded by hand.

The highly specialized operations required for the finished product begin where coffee is grown. The preparation of coffee for market begins with picking mostly mature fruit. This and the experience and care used in removing the outside coverings of the cherry (there are usually two beans to a cherry) determine to a considerable extent the quality of the clean coffee. One of two processes are used, the wet or "washed" method, and the dry or "natural" method.

In the washed process, depulping machines remove the outer skin and pulp, and the beans are dried, either on drying platforms in the sun or in revolving drums. In the dry or natural method, particularly as practiced in Brazil, the cherries are hand-screened, completely dried in the sun or machines, then hulled to remove the dry outer shell and pulp.

Usually the coffee is sold to dealers or exporters who mill it to remove the parchment and silver skin, separate the beans for size by screening, and cup-test each delivery for flavor and quality. The different characteristics are noted, and after bagging, the coffee is stored and offerings made importers or agents in the various world markets. These offerings consist of a complete description—the number of bags, grade, color, and price. Samples of offerings are also submitted. These are roasted and cup-tested, and when purchases are made, further sampling is done, on arrival at the roasting plant and in the finished product, so that a continuing check is kept on the quality of each delivery from bean to can.

In most producing areas today, minimum prices have been established by government agencies to prohibit the export of coffee below established price levels. Taxes of varying degrees are assessed against shipments by local and national governments, and these account for substantial dollar earnings, particularly for Latin America, the source of about 85 percent of U.S. coffee imports.

Excessive heat, moisture, or foreign odors can have damaging effects on green coffee, so that today coffee cargoes are transported in fast, modern, air-conditioned vessels which minimize transport time and facilitate loading and unloading. Nearly 55 percent of U.S. coffee imports enter through the port of New York, which is the hub of the U.S. coffee industry and where more coffee is imported, roasted, and marketed than in any city of the world. These coffee shipments have been partially responsible for the current multimillion-dollar port modernization program of the New York and New Jersey Port Authority, which is resulting in new docks, piers, and warehouses and is aiding the movement of coffee from ship to roasting plant.

In 1959 New York handled over 12 million bags of coffee, followed by New Orleans, with 3.8 million, and Houston and San Francisco, with around 2 million. These other ports have also modernized their pier space and handling. There is some possibility that Chicago will develop as a port and distribution point for spot coffee. With the St. Lawrence Seaway, it is now possible to ship green coffee direct to Chicago for about $7.00 a ton less than the combined ship and rail cost via New York.

Next to the grower the most important man in the coffee industry is the roaster. It is he who blends, roasts, grinds, packages, and distributes the finished product to retailers and institutions, and finally to the consumer. The large-volume roasters, with plant and warehouse facilities in several areas, have national distribution, and supply nearly every market area in the United States. Others are local in character and limit sales and distribution to areas that can be serviced efficiently and economically from a single source. There are those that cater to the retail trade exclusively and others that serve restaurants and institutions only.

The roaster, or importer, must anticipate requirements and provide for them through the purchase of either spot, afloat, or shipment coffees. To assure supplies of the type and grades he wants he will contract for future shipments of these coffees weeks or months in advance. Certain market and credit risks are assumed, which do not exist in the purchase of spot or ex-dock coffee. A letter of credit is offered for prompt payment, and any failure in the fulfillment of the contract could result in serious losses and could jeopardize the success of merchandising programs.

A dealer, to minimize the risks, may provide insurance or hedge through use of the coffee futures exchange. A purchase of coffee may be made f.o.b., and to equalize the price, a sale made of the futures contract. When the actual coffee is sold, the futures contract is bought in and a stable price is maintained for the purchase originally made.

Present price levels represent a cost

Photos courtesy National Coffee Association

of $30 to $65 a bag of green coffee, and even moderate inventories amount to large capital investments. Since stocks at all sources are more than adequate and will probably be so for several years, the buying policies of roasters have been to limit inventories to current needs.

With the advent of the Latin American Coffee Agreement in September 1958 and the International Coffee Agreement a year later, mild and Brazilian coffee prices became fairly stable. Current prices on both green and roasted coffees, which are lower than at any time since 1950, have been fairly constant for nearly 2 years. Fluctuations have been 2 to 3 cents a pound, and competitive trends are toward improved quality and a better cup of coffee.

Large surplus stocks, continuing surplus production, retention and storage problems—all of these induce buyers to show some degree of caution, with consequent limitations on purchasing commitments. Yet despite these factors, 1959 was a year in which a record amount of coffee moved in world trade channels, and 1960 was another good year. Also in 1960, agreements were renewed between the Latin American and the African producers relative to marketing procedures, and studies of world coffee problems were initiated—a combination of constructive activities which could lead to greater stability and progress for the entire coffee industry.

Quite a different industry is that of soluble coffee, which only became important commercially after World War II but which has grown remarkably in the last 10 years. Several factors are responsible, primarily convenience and lower cost-per-cup, which made many converts when coffee prices soared to record levels in 1955-57. Improved manufacturing techniques and the increased demand for prepared packaged foods have also helped this industry grow.

In recent years soluble coffee has accounted for the equivalent of over 3.5 million bags annually of our green coffee imports and about 18 percent of coffee roastings. Much of the coffee used in the manufacture of the soluble beverage is the Robusta from Africa (Latin America grows mainly Arabica); and as the demand for solubles increased in the United States, African producers were encouraged to even greater expansion of acreage and production. Favorable prices relative to those of Western Hemisphere coffees and preferential treatment in European markets have also spurred Africa's Robusta output.

Recognition of the importance of the African Robusta coffees in world trade, and U.S. trade particularly, recently prompted the establishment of a futures contract on the New York Coffee and Sugar Exchange for trading in these growths. However, African coffee expansion in world markets has to a considerable extent been made at the expense of the Brazilian coffees and is partly responsible for the present aggressive marketing policies of the Brazilian Coffee Institute, aimed at recapturing a larger share of total world coffee exports.

At the same time, the Latin American producing areas have started manufacturing their own soluble coffees. In recent years, plants have been built in Colombia, Brazil, Nicaragua, El Salvador, Guatemala, and Mexico—the last three supplying the bulk of U.S. soluble coffee imports, which in 1960 exceeded 5 million pounds and had a value of more than $8 million.

Top, the roastmaster feeds the green beans into the oven. Center, ground coffee pours into vacuum cans. Below, coffee is cup-tested by experts to assure quality.

World's Farm Output To Be Record-Breaker Again in '61

1960-61 will see another new high in total world output of farm products. Production per capita, however, is not likely to exceed last year's level, which was slightly below the record level of 1958-59.

Continued strong demand last year for farm products was reflected in a larger volume of world trade rather than higher world prices; and trade will probably grow still more in 1960-61. Even so, stocks of principal commodities such as wheat, feed grains, and coffee are expected to be larger at the end of the season than they were at its beginning.

Production increases are expected in all major regions except Eastern Europe. On a per capita basis, however, output will probably rise in Canada, the United States, Western Europe, Western Asia, Africa, and Oceania, but decreases are likely in Latin America, the Far East, and the Sino-Soviet Bloc.

Production and Supplies

Better growing conditions in general this year have combined with some expansion in sown area to raise crop output substantially. Record or near-record production levels are expected for wheat, rice, corn, barley, sugar, tobacco, cotton, soybeans, peanuts, flaxseed, cottonseed, castorbeans, citrus, and tea. Most other crops will increase too, with major exceptions for coffee, cocoa beans, palm oil produce, and olives for oil.

Livestock production should continue its upward trend. Slaughterings of cattle, hogs, and sheep are likely to be larger in 1961 than they were in 1960; so is the output of milk, poultry, and eggs; but prospects for an increase in the wool clip are less certain.

Supplies of farm products may be at record levels also. July 1 stocks of wheat outside Communist countries were almost as large as last year's and much larger than in 1958; and feed grain stocks rose to a new high. Coffee stocks also increased, to more than offset the expected decline in production. Stocks of sugar and wool, however, appear to have shown little change. Cotton stocks declined, reducing supplies from the peak reached last season, though only slightly.

Demand and Prices

Consumption of farm products will continue to increase, though for some commodities not so much as supplies will. For food, demand remains strong, as usual; for industrial raw materials, it has been stimulated by rising economic activity in most industrial countries during 1959-60. Gold reserves and dollar holdings (public and private) of foreign countries rose by $2 billion, to a total of almost $38 billion. These increases in gold and dollar holdings were heavily concentrated in Western Europe, Canada, and Japan, but a number of the less developed countries also registered gains. In the same period, gold reserves and dollar holdings of international institutions rose by $1.4 billion.

Economic activity remains at high levels in the industrialized countries, though it has leveled off in North America and more recently in Western Europe to some extent. Many of the less developed countries are still beset with inflationary problems, partly the result of efforts to finance economic development plans. Some, however, have successfully undertaken stabilization programs involving effective restraints on imports.

With ample supplies of most farm products on hand, increased import demand brought no overall increase of world market prices during 1959-60. The UN index of average import and export unit values (1953=100) for nonfood farm, forestry, and fishing products (including vegetable oils) rose from 95 in July-September 1959 to 98 in April-June 1960. Rubber and fibers other than wool account for much of the increase. The index for wool remained fairly stable; that for vegetable oils, after rising in the second and third quarters, fell back in the fourth.

In contrast to the nonfood index, the food index remained at 89 or 90 until April-June 1960, when it fell to 86. While the grain index stayed at 79, the index for coffee, tea, and cocoa, which stood at 80 in July-September 1959, moved down to 75 in April-June. Butter and cheese prices also dropped in January-June from the high levels reached under the impact of the 1959 drought in Europe.

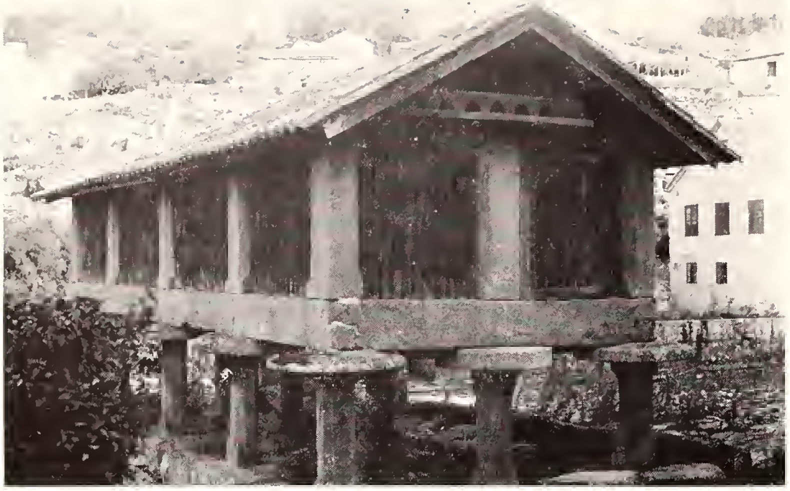
Trade

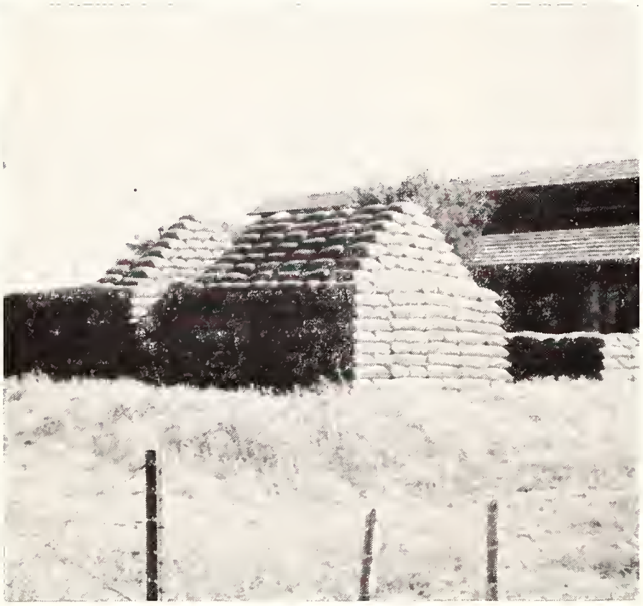
Though world prices showed little change, the volume of world trade in farm products increased in 1959-60, up to the second quarter of 1960. Some further trade increase is expected in 1960-61. More imported wheat will be needed in Western Europe, where too much rain cut both the quantity and the quality of the 1959 crop; more will also be needed in most of the less developed regions. Trade in fats and oils should also be up. Increases for these and some other commodities, however, may be partly offset by decreases for feed grains; Western Europe, the major importing region, had a bumper crop of feed grains and forage this year, plus unusually large quantities of low-quality wheat available for feed from the 1959 crop. Trade in cotton and wool may also show some decline.

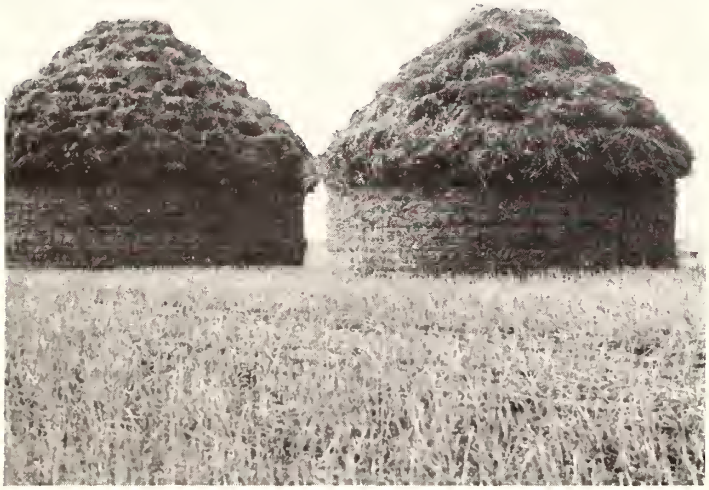
Projected Requirements

In the 1950's, agricultural production both in the world as a whole and in the foreign Free World increased somewhat faster than population. In the 1960's, this trend is expected to continue, if no great change occurs in the political, social, and economic climate. However, per capita consumption in the foreign Free World will probably increase enough to raise its needs for imported food and fiber substantially above present ones.

Projections of supply and demand point to a marked decrease in wheat imports by Western Europe, now the top commercial outlet for most farm surpluses from other world areas; but this decrease is much more than offset by the projected increase in wheat imports—both commercial and concessional—for the less developed regions of the foreign Free World. Marked increases are projected too for the foreign Free World's net imports of feed grains, fats and oils, and cotton.


In Spain where time moves slowly stone granaries with tile roofs are still to be seen. The mushroom-like stilts help keep out rodents.


Since the days of the Pharoahs the Egyptians have piled their bagged wheat into "shoumas," as they are called.


Most of Canada's grain storage facilities are completely modern, but farm wheat is still stacked and thatched with sheaves.

Modern grain silos of novel design are operated by Jordan's Cereal Office to assist farmers in marketing their crops.

How GRAIN Is Stored

Grains, from the very earliest times, have been a leading commodity in the trade between nations. In recent years this trade has amounted to around 2.3 billion bushels of wheat and feed grains annually, and it has been considerably unbalanced. There are only 15 major wheat-exporting countries whereas there are 110 countries that must buy all or part of the wheat that they consume.

To keep grains moving from the countries that grow them to those that need them involves international agreements and a widespread marketing system, in which grain storage is of utmost importance. And while the building of modern storage facilities has moved ahead rapidly since World War II, there are still many places in the world where storage facilities are most rudimentary or where grain is left either uncovered on the ground or stacked in bags.

Modern elevators are automatic, making it possible to rotate the position of the grain to prevent spoilage. In these the loss from moisture, insects, and rodents may be as low as 1 percent compared to the high rates—sometimes as high as 30 percent—that prevail in inadequate structures. Probably the most modern elevators are to be found in the big wheat-exporting countries; however, practically every important port today offers up-to-date facilities for shipping grain.

Peculiar to Argentina are the underground grain vaults, shown on left in process of construction.

Right, thatched storage bin in a Bengali village, East Pakistan. While ports usually have modern facilities, internal storage, particularly in underdeveloped countries, is often inadequate, resulting in heavy losses.

Around the World

Typical of the modern grain elevator is this one in Argentina. Fully automatic, modern elevators can store grain for years with only minor changes in composition.

Yugoslav peasants hand-reaping wheat.

Yugoslavia's Agricultural System Is Running Into Difficulties

By ARMIN J. REHLING
U.S. Agricultural Attaché
Belgrade, Yugoslavia

In recent weeks, the Yugoslav press has been full of the problems confronting the "socialist sector" of Yugoslav agriculture. It is no secret that many of the large state farms and general agricultural cooperatives have been losing money. Their working capital has in many cases been reduced to the point where they cannot pay their obligations—including the cash rent they owe to the private farmers with whom they had signed "cooperation" contracts—and the government has had to take steps to bail them out of their difficulties.

These contracts call for the cooperative cultivation of private farmland but without impairment of private ownership. Ever since 1957, when this cooperation program began, it has been strongly encouraged by the government as the main way to expand the socialist sector of agriculture and improve the country's farm output. Recently, however, the contracts have been canceled in increasing numbers—by cooperatives because of lack of profit, by peasants because of disappointment with small returns or frustration from late rental payments. Apparently some peasants have come to the conclusion that, especially if given the opportunity to purchase hybrid corn seed, higher yielding wheat varieties, fertilizers, and the like, they could do better on their own.

Some of the cooperatives are now even being accused of having signed contracts with private landholders for political rather than economic reasons—because it was the popular thing to do. In some areas, cooperatives are said to have gone so far as to furnish tractors for field work on privately owned farms at the cost of fuel only, plus the driver's wages.

No doubt some of the reasons why the socialist sector is losing money have been in the making for years. But this unfavorable situation has not been due to poor crop yields or lack of markets. Rather, it has come about because a system of relatively fixed or controlled market prices has collided with rising production costs, uneconomic use of fertilizer in the competition between farms for higher yields, low labor productivity, and heavy investments in buildings and equipment. Even though some market prices are relatively free, in the end the line is plugged. For example, rises in the price of wheat are stopped by the fixed price of bread.

Only recently has the situation become serious enough to force government action. Now the government has moved to prevent the poor financial condition of many cooperatives from reversing the trend toward increasing cooperation with private farms. It recently announced the following measures to aid the socialist sector:

- New credits to cover the losses of agricultural organizations. Credits of 4 billion dinars are estimated to cover 80 percent of the losses incurred. Credit requests are to be based on 1959 financial balances, and credit is repayable in not more than 10 years at an interest rate of 1 percent.

- New and reinstated rebates on purchases of farm machinery, a subsidy estimated at 6–7 billion dinars.
- Increase of 1.5 billion dinars in rebates on fertilizer purchased by agricultural organizations.
- Increase in premiums on meat-type hogs.
- New guaranteed minimum prices for lard-type hogs.
- Guaranteed minimum lard price. The government will purchase excess lard from the slaughterhouse at the guaranteed price.
- A 7-billion-dinar increase in the revolving capital of agricultural organizations.
- Credit advances to cooperatives for payment of services to private producers and for rental of land from the private sector.

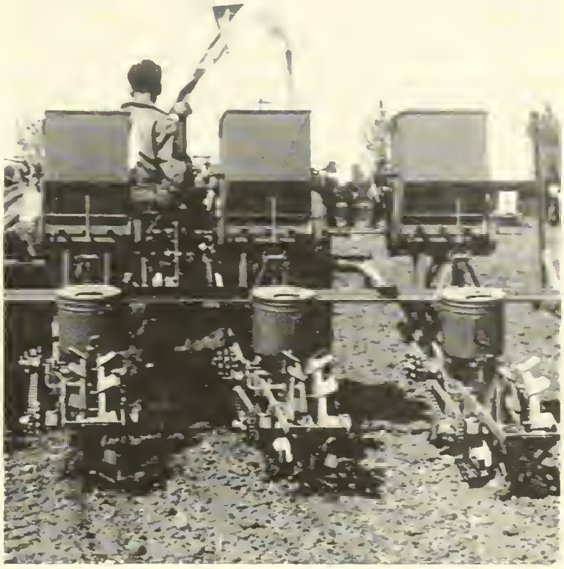
Other measures are to be announced later. It is interesting to note that new credits are to be based on financial returns in 1959, which was Yugoslav agriculture's best year in recent history.

Other problems are plaguing Yugoslav agriculture too. Not enough protein supplements are available to properly feed out the bacon-type hogs being produced for the meat-canning industry and to support the greatly expanded cattle-feeding program. There is an oversupply of lard, for hog numbers increased about 66 percent between January 1, 1957, and January 1, 1960. Unprofitable fixed prices have forced farmers into unwanted shifts in production, with special effects on the output of milk.

Still, despite the difficulties that have developed in the socialist sector, Yugoslavia's agricultural production in 1960 was second only to the exceptionally good record of the 1959 crop year. Wheat and sugar supplies should cover needs, and corn production will apparently allow exports of about 300,000 metric tons. Other important crops in exportable supply are tobacco and hops. Only fruit production shows a severe drop, owing to late frosts last spring. Prune production will be the lowest in years, and supplies of most important fresh fruits are considerably lower than last year. Principal import needs are cotton and vegetable oils or oilseeds.

Photos courtesy Theodore Shambaugh

Yugoslav agriculture is full of contrast. On a peasant farm, corn might be planted with a two-horse drill (above) but a state farm next to it might use a four-row planter, shown at right.



For many farms, however, the ox-drawn plow, shown in the field below, is still the only way of preparing the soil. Also, much of the seed is hand-planted.

U.S. Plans New Services To Big European Markets

This year, the U.S. Government is adding two new approaches to its program for the promotion of agricultural exports. The aim is to encourage additional dollar purchases of U.S. agricultural commodities. The new approaches center appropriately in the United Kingdom and West Germany, which are at present Europe's biggest dollar markets for the products of U.S. farms.

One of the new approaches is the setting up of a U.S. trade center in London this spring. Its purpose will be to broaden British knowledge of U.S. products—both agricultural and other—and to stimulate greater British interest in purchasing them.

The other is the creation of a new kind of job, that of assistant agricultural attaché for market development. One such officer will be assigned to the London Trade Center; another to Hamburg, West Germany, where he will serve the vital area that includes major German ports such as Hamburg, Bremen, Lübeck, and Hannover.

The trade center in London is being established by the joint efforts of the U.S. Department of Commerce (through its Bureau of Foreign Commerce) and the U.S. Department of Agriculture (through its Foreign Agricultural Service). The center, which will include an attractive ground-floor display area with offices above, will be located conveniently in downtown London. It will provide a handy meeting place and source of information for British and American representatives of trade and industry. It will also serve as a showcase where British buyers can see U.S. products. The full display area will be turned over to agricultural exhibits for 2 months during the first year of operation. These exhibits will be similar to those at trade fairs, though they will be designed for trade groups rather than for the general public.

The United Kingdom is the world's largest importer of agricultural products, and London is a focal point for U.K. trade activity. Thus, U.S. agricultural trade associations, carrying out market development activities in cooperation with FAS, are expected to find the London Trade Center, with its full-time market development specialists from both government and industry, particularly helpful.

The new market development officers to be stationed in London and Hamburg will have the special assignment of pioneering in farm trade promotion. This will include more intensive work in noting important sales of farm commodities; studying local trends in marketing and consumer preferences; and reporting on any trade practices or restrictions that limit U.S. markets. It also includes the maintenance of old trade contacts and the finding and fostering of new ones. And it means taking advantage of opportunities to create interest in the special qualities of U.S. farm products.

The London and Hamburg assignments, while identical in purpose, will differ slightly in practice. The Hamburg officer, although a member of the attaché's staff, will function in a different city, for the attaché's office is located in Bonn. He will have no concern with the operation of a trade center; he will, instead, focus his attention on this big port and trading area, where large quantities of U.S. farm products enter West Germany.

New Thai Economic Goals Stress Bigger Farm Output

Thailand is currently in the process of drawing up a 6-year plan to run from October of this year to September 1967. So far only the major goals have been released, and one of them stresses a 3-percent rise in agricultural production.

The government has also assigned specific rates of growth as goals for various crops. By the intermediate target year of 1963, the output of corn is expected to double the 317,000 metric tons produced in 1959. Paddy rice production is slated to increase 1.3 percent annually, which would up production to about 8 million metric tons in 1967; and rubber is expected to increase by 6 percent each year, bringing the 1967 output up to 275,000 metric tons.

The purpose behind these goals seems to be twofold. First, Thailand must export more agricultural products in order to correct its unfavorable balance of trade and to import additional capital and consumer goods to widen its economic base. Second, some of the additional production must be set aside for the rapidly increasing population.

During the 6-year period the Thai Government will strive to correct the country's unfavorable balance of trade. For the past 3 years the deficit has run about $70 million annually. This, however, is not large compared to those of other underdeveloped countries. But to correct this unfavorable balance, Thailand faces the problem of expanding its markets abroad. And this may prove difficult since most of the other developing Asian nations are either trying to become self-sufficient in, or to increase their exports of rice, corn, and rubber, commodities that Thailand depends on for export earnings.

Whether Thailand will have to worry about exportable surpluses in the future will depend on how far it can keep production ahead of population growth. Since the population is growing at an estimated annual rate of 2.8 percent, the 3-percent annual increase in agricultural production would up export surpluses by only a minor fraction.

For the overall economy, the goal is an annual increase in the gross national product (GNP) of 5 percent compared to the current 4 percent. Allocations for economic development are to increase from 19.5 percent of government expenditures in 1961 to 28.7 percent by the end of the planning period. The budget for 1961 will be about $415 million.

These goals do not seem overoptimistic in view of recent performances of the Thai economy; in fact, they may not be optimistic enough. The 3-percent agricultural increase is quite feasible in light of the fact that, with the years 1952-54 as a base of 100, the agricultural production index (as compiled by the Foreign Agricultural Service) stood at 124 for 1960. But if Thailand expects to become a so-called developed country and to increase per capita GNP above the present level of about $105, these targets should be considered minimum rates of growth for its economy.

Mexico's Agrarian Reform

The Act of Bogotá signed last September recognized one of Latin America's big problems—ownership distribution of land. More will be heard about this in the years ahead, and for this reason *Foreign Agriculture* presents here an account of what Mexico, a pioneer in agrarian reform, has achieved.

By KATHRYN H. WYLIE
Latin American Analysis Branch
Foreign Agricultural Service

In many areas of the world, of which Latin America is one, the hunger of the lower income groups for better homes, for land and its product, and for greater opportunity for their children is being expressed in a plea for agrarian reform. Sometimes this plea is expressed in violent terms, other times in peaceful negotiation and social change. Cognizant of these aspirations of the Latin American peoples, the Act of Bogotá, signed last year by 19 countries, including the United States, pointed the way to achieving them by peaceful and democratic means.

Because of the intense interest in the whole field of social and economic betterment for the man and woman at the lower end of the income scale we look to the experience that countries have already had in one or more areas of reform. For example, the first country in Latin America to put into effect an agrarian reform program was Mexico, our nearest neighbor to the south, which has had some 50 years of experience in trying to solve its land problem.

Land Reform Begins

The Mexican Revolution that broke out in 1910 began as a political uprising to bring about "effective suffrage and no re-election." Of the rural people 90 percent had no land of their own, lived at a bare subsistence level, and had little to do with politics. That slogan made little appeal to them. It was only when the promise of land was held out to them that they rallied to the call of "land and liberty," and the revolt soon became an agrarian revolution.

The agrarian reform itself got started with the issuance of a decree by the Carranza Government on January 6, 1915. The agrarian program was later incorporated into Article 27 of the Constitution of 1917, the legal basis for all subsequent agrarian legislation. Under this, grants of land may be made by restitution, that is, by restoring to a community lands which formerly belonged to it; by *dotación,* an outright grant requiring no evidence of former ownership of the land; and by amplification, which is an addition to a previous grant.

About 80 percent of all land distributed has been by *dotación.* To qualify for a *dotación,* at least 20 persons living in a village must apply for a grant from a private property located not more than 4 miles from the petitioning village. That portion of the property in excess of certain maximum size limits, depending on the type of land and product growing on it, is subject to expropriation to supply land for the grant. The land is given free of any charge to the village as an *ejido.* The majority of the *ejidos* are of the individual type. This means that, although ownership is vested in the village, the land is distributed to the *ejidatarios* who work their plots individually. The plots cannot be sold or mortgaged, but the *ejidatario* may have possession of his plot for life, if he works the land, and he may leave the plot to one of his children at his death.

Later Distribution Practices

In recent years another method of land distribution has been used more and more, namely the establishment of new centers of population authorized by Article 100 of the Agrarian Code. In the Central Plateau where the majority of the people live most of the land subject to expropriation has already been given as grants by restitution, *dotación,* and amplification. Now, in cases where there is no land available within the 4-mile radius of a village, the group of people claiming land may be transported to another area where land is available.

A second new method, used extensively during the past 2 years, is settlement under the Federal Law of Colonization of 1947. Under this law agricultural colonies may be established on rural land to create new centers of population and increase crop and livestock production. The National Colonization Commission, individuals, or legally constituted Mexican associations may carry out a colonization program, independently or on a cooperative basis. Private lands may be expropriated for this purpose or national lands used. These lands are then settled not as *ejidos,* but as colonies, with the colonists receiving title to the land when payment is completed. The land is sold to the settlers considerably below the market price of the land with a long time to pay, beginning with the first harvest.

At the present time colonists must be selected from those landless persons who have qualified for land within 4 miles of their village but to whom no land was given because there was not sufficient land for all those who qualified. The Agrarian Department is offering special inducements to those with reserved rights to encourage them to move to new centers of population. They receive an advance of $.80 per day until they harvest the first crop. The settlers go out in groups of 25; the first settlers help build temporary living quarters for the group out of local materials, and later they build individual homes. When the families arrive, the next group of 25 men occupy the temporary quarters and in turn build their own houses.

Size of Program

From the beginning of the program in 1915 about 98 million acres have been granted to about 1,600,000 individuals. Relatively, this means that 27 percent of the total area of the country and 44 percent of all the cropland is now held by *ejidatarios*, who represent more than half of all the farmers in the country.

Almost half of these grants were made during the administration of President Lázaro Cárdenas from 1934 to 1940. Following his regime there was a decline in the annual grants until the present administration took office on December 1, 1958. During the first year of this administration, however, more than 2 million acres were granted, the largest in any year since 1942. It is this administration too that is emphasizing the establishment of new centers of population. The total area granted for new centers in 1958-59 rose to almost 770,000 acres compared with 37,000 the year before.

The *ejido*, because of the large proportion of the cropland that it holds, is an important source of many of the leading crops produced in Mexico. *Ejido* farms produce more than 70 percent of the tobacco, more than 60 percent of the wheat, rice, sesame, and henequen, and more than 40 percent of the corn, beans, sugarcane, barley, and bananas.

Effect of the Program

The agrarian reform program of Mexico has been a factor in the economic development of the country, though not as strong a one as its originators and supporters had hoped. The program ended the land monopoly that existed prior to the Revolution and broke the power of the landed aristocracy that ruled Mexico at that time. It also freed the small farmers from the economic bonds which attached them to the *haciendas*, and gave them the mobility that brought so many of them to the cities in search of industrial employment. Progress has been made in improving techniques, increasing yields, and diversifying output of agricultural production.

However, the *ejidos* have not progressed as much as private farms. Yields per acre are in most cases 20 to 25 percent lower than those obtained on private farms. The principal reasons for these lower yields are the small area of the plots, the relatively poorer quality of the soil, the lower education level of the *ejido* population, and the smaller amount of capital resources available per unit of area. Raising crop yields on *ejido* lands is one of the most pressing problems facing Mexico today, since on its solution depends not only the supply of many important commodities, but the welfare of much of the rural population.

Thus, experience is showing up some of the weaknesses of Mexico's agrarian program and, at the same time, is paving the way for a sounder program in the future. The coordination of the system of *ejido* grants with the establishment of new centers of population is a promising development. The combination of technical and financial help that now accompanies land distribution is another, and no doubt further procedures will be devised to adapt to changing conditions.

Peruvians Buy U.S. Dairy Cattle

Above, some of the Peruvians visit Beltsville, where they discuss with USDA experts the research work being done on the breeding and nutrition of dairy cattle.

Last October, FAS invited 16 Peruvians to come to the United States and shop for dairy cattle. The success of their trip is easily measured by what they bought—392 head, for a total of $201,745. This is the largest single purchase of cattle ever made here by Peruvians, and brings to nearly 900 the number of U.S. cattle exported to Peru since 1957.

This burgeoning market for U.S. dairy breeding stock in Peru is largely due to market development work done in the past 4 years. FAS set up demonstration herds in Peru to prove the adaptability and efficiency of U.S. Brown Swiss and Holsteins under local conditions It sent seven livestock judges there to help lend prestige and guidance to Peruvian breeders. Its marketing specialists made four trips to the country. And, last but by no means least, it sponsored a visit to the United States by a group of Peruvian agricultural school students, to see U.S. breeds. What these future cattlemen observed may mean an even better market in days to come.

13 Countries Join Campaign Against Desert Locusts

The desert locust, age-old scourge of crops in Asia and Africa, is the target for collective action this year by 13 countries that are principal victims. First step was a workshop for antilocust experts, held in Morocco between November and January.

Sponsored by the United Nations Food and Agriculture Organization and financed by the UN's Special Fund, this course opened a 6-year project for desert locust control. Countries participating were Morocco (a major victim), Somalia and Ethiopia (sources of important swarms), India, Pakistan, Iran, Iraq, Kuwait, Turkey, Sudan, Mali, Senegal, and France.

How 10 Plants of the Americas Transformed World Agriculture

Since 1492, the New World has endowed the Old World with treasures of far more value than those Columbus was seeking. Some of the earth's most important plants were discovered in the Americas.

Of these plants, six—corn, peanuts, manioc, sweetpotatoes, beans, and potatoes—are now basic foods in countries around the world. Two—cotton and rubber—are major raw materials and bulwarks of foreign trade. Two—cacao and tobacco—are not only major cash crops but contribute to man's pleasures.

Corn. Throughout the prehistoric Americas, corn (maize) was already a staple food. Columbus took samples to Spain; two generations later, the crop had spread to most of Europe, to Africa, and even to Tibet.

One reason for this rapid spread was that the Indians had developed many strains of corn to suit their varying local conditions. Today, the Americas still produce much of the world's corn, owing to the vast U.S. crop; but corn now grows on every continent. The bulk of the harvest is usually consumed on the farm, by the farmer or his stock. Yet so huge is the world crop that the tiny percentage that is exported makes corn one of the three most important grains in world trade.

Peanuts. The peanut probably originated in Brazil or Paraguay; it has been found in prehistoric Peruvian graves. But it reached the United States fairly recently, from Africa. Early Portuguese traders had taken it there as ships' rations, and Negro slaves brought it back to this hemisphere.

Peanuts and peanut oil are now top exports for a number of countries, foremost among them Nigeria, Senegal, India, and Mainland China. In the United States, people eat peanuts mostly in candy and as snacks. But in many countries, especially in parts of Asia and Africa, protein-rich peanuts and their oil are basic foods.

Manioc. The many-named manioc, also called yuca and mandioca in Latin America and cassava in Asia and Africa, probably originated in Brazil, where it has been raised since prehistoric days. Europe first heard of manioc through Columbus, but elsewhere it spread mainly through the Portuguese, who took it as ship provender to India and Africa. It is now a dietary mainstay for millions in the tropics of Africa, Asia, and Oceania, as well as South America.

Sweetpotatoes. Origin of the word "potato" was "batata"—the West Indian name for the *sweetpotato.* After Columbus met this tuber, it soon won popularity in Spain and Portugal and later followed explorers to most of the world's tropical areas.

One of the richest food plants, the sweetpotato usefully supplements the big staple crops of Asia and Africa—rice, corn, cassava—for it is higher in vitamins and minerals. This fact gives it an economic importance that cannot be measured by acreage, production, or money value.

Common beans. There is little doubt that the common bean originated in the New World, for after 1492 the varieties of beans recorded in Europe suddenly increased. The American species include the garden beans (snap, string, wax), field beans (navy, pinto, kidney), and limas.

In many meat-scarce countries, dried field beans are a major food, furnishing most of the protein eaten. The Americas are still the main producing area, but the common bean is now widely grown in Europe and Africa also. Much production is from gardens and does not show in agricultural or trade statistics.

Potatoes. Native of Chile, Peru, and Mexico, the white potato went to Europe with Spanish explorers in the early 16th century. The English got it from Spain and by 1663 were recommending it to the Irish as a famine safeguard. The Irish, in turn, probably established it in England's colonies, for the first potatoes grown there came from stock brought to New Hampshire in 1719 by Irish immigrants. Potatoes now grow the world around, but the biggest crops are in northern and eastern Europe, where they are valued for both food and feed.

Rubber. Major commercial source of rubber is a South American tree, *Hevea brasiliensis.* In 600 A.D., Indians were already using its milky sap to make waterproof clothes, battle shields, and balls. Spanish explorers first saw it in the early 1500's, but it remained largely a curiosity until Europeans began intensively tapping the wild trees about 1750.

Unlike most other New World plants, the rubber tree was deliberately introduced overseas. In 1876, plants grown in an English hothouse from Amazonian seed were shipped to Malaya and Ceylon to start the world's first rubber plantations. A "rubber belt" now stretches around the earth 10 degrees north and south of the equator, though Southeast Asia is still the chief area. For producing countries, rubber is a top export; for importing countries, it is a vital raw material.

Cotton. When Columbus found cotton growing in the Bahamas, he thought he had reached India, then the cotton center of the Old World. This cotton, however, belonged to a New World species—one of two destined to be adopted in so many other areas as to overshadow the old Asiatic forms completely. One, from the hills of Central America and Mexico, gave rise to the Upland types. The other, from South America, is the source of famous cottons like the West Indies' Sea Island, Peru's Tanguis, and even those of Egypt. Between them, the New World species account for about 90 percent of the world's output and an even higher share of its trade.

Cacao. The scientific name of cacao—*Theobroma* (food of the gods)—came both from the plant's importance in Aztec religion and from the delectable taste of chocolate. Native to Central and South America, cacao moved to an African island, Fernando Po, with the Spaniards. Not until some 75 years ago, however, was it introduced to the mainland. Africa, where Ghana is the world's largest single cocoa bean producer, has now far outstripped the Americas, with more than 60 percent of world output, but production is rising nearly everywhere in the tropics.

Tobacco. When one of Columbus's crew became the first European to try a cigar, the Indians of the Americas had already been using tobacco in all its forms for over a thousand years. In the north grew harsh *Nicotiana rustica* (the peace-pipe tobacco); in the subtropics, mild *N. tabacum*. Spanish and Portuguese sailors took to the "bewitching vegetable" at once; its culture soon followed their ships around the globe. Today, *N. rustica* is grown in Asia, the Middle East, and East Europe, but mostly for home use; the tobaccos of world trade—even the so-called Oriental types—are nearly all of the *N. tabacum* variety and owe their origin to the Western Hemisphere.

Trade Policy and GATT

(Continued from page 3)

A number of countries had been justifying the retention of such restrictions under the exception for balance-of-payments difficulties. Substantial increase in gold and foreign exchange reserves by many countries and the action of 14 Western European countries to make their currency convertible on external account, however, prompted the United States at recent sessions of GATT to point out that financial justification no longer exists for such quantitative import restrictions, and that they should be removed as rapidly as possible. This action, of course, was only part of the overall U.S. effort to obtain the elimination of unjustifiable restrictions against its export commodities.

A number of important trading countries have taken significant steps towards eliminating restrictions against the dollar area for both industrial and agricultural commodities. For our part, we will continue to press for further liberalization of agricultural products. It is in this area that progress has been relatively slow. Trade liberalization is a must if we are to expand exports. No amount of promotion will be effective if, through quotas, embargoes, and other restrictive measures, U.S. farm products are not given a chance to compete in foreign markets.

Agriculture Abounds In Confusing Names

Some of the world's well-known agricultural commodities have names that are misleading and, in some cases, inaccurate, both geographically and scientifically. The classic example is "Manila hemp," which is not a hemp nor does it grow near Manila. True hemp is a hard fiber, Manila hemp, or abaca, a soft fiber; but when abaca was first found in the Philippines, true hemp was the world's main rope fiber, so the term carried over and was differentiated by the port of exit—Manila. Equally incorrect is "Indian hemp," which is really jute.

Another misnomer is the American turkey. Turkey was the name applied to the guinea cock in the 16th century when it was introduced into Europe from Africa *through* Turkey. The early colonists transferred this name to the wild bird they found in the New England forests, despite the fact that it belonged to the pheasant family. Even our domesticated turkey is not the same bird but a Mexican variety that has probably been mixed with the northern wild "turkey."

Moroccan leather is also geographically inaccurate. Many people still think this fine pliable leather comes from Morocco, not realizing that it is the name of a leather process developed there but now worldwide. In the beginning too, very little of the leather was actually produced in Morocco; most of the goatskins came from Northern Nigeria and were transported across the desert by caravan.

Confusion arises over "corn" versus "maize." In the United States corn is corn, whether eaten off the cob or fed to the hogs. Botanically and to the rest of the world, it's maize. But since corn is the term usually given to the leading cereal crop of an area, corn means wheat in England and oats in Ireland and Scotland.

Nuts provide more trouble. The English walnut is not English at all but Persian. Filberts and hazelnuts are used to describe the same nut, yet hazelnuts, while related, are a different nut. And the peanut—sometimes called goobers, groundnuts, earthnuts—scientifically is not a true nut but a member of the pea family.

U.S. Seeks Share in New European Avocado Market

The avocado, a common fruit in the Tropics but still somewhat of a delicacy in northern countries, is winning a place on European tables. This is a matter of interest to U.S. growers, who now produce some 50,000 tons a year and look forward to larger crops over the long term.

A native of Latin America, the avocado has a long history dating back at least to the Aztec emperor Montezuma, nearly 500 years ago. In the United States, however, it did not attain commercial importance until the 1920's, and as an export crop it is still so new that U.S. export statistics lump it in with several other minor deciduous fruits. Earlier, the home market absorbed the output of this young industry and even required some imports. Now that their crops are well established, however, U.S. avocado growers are interested in expanding the new overseas markets.

Most prominent of these markets is the United Kingdom, where specialty shops in areas like London find this bland fruit increasingly popular. Though trade is still small compared with that in other fruits, total British imports are between 50,000 and 70,000 flats a year. (A flat contains 16 to 25 small avocados or 10 to 12 larger ones.) Major suppliers are South Africa in the summer and Israel in the winter, with seasonal competition from the United States, Brazil, and Portuguese Madeira. All but South Africa must pay the U.K. duty of 10 percent ad valorem.

In Continental Western Europe, the market for avocados is growing too. Consumption in 1960 was probably no more than 50 tons, but that is a good start in view of the fact that the fruit was all but unknown to Europeans a few years ago. Major supplier was Israel, with its best customer France and smaller markets in Switzerland, West Germany, and Belgium.

The avocado is as fussy an ocean traveler as the banana. However, experience already gained has proved that if the avocado is carefully handled and the proper temperatures are maintained, it will arrive in the European fruit markets in good condition.

At last fall's London Food Fair British housewives saw for the first time many of the canned and prepared meats that are sold in U.S. supermarkets.

Greater Competition Ahead For U.S. Variety Meats

By ABNER DEATHERAGE
Livestock and Meat Products
Foreign Agricultural Service

For the past 50 years or more the United States has been a net exporter of variety meats[1]. In the early 1930's these exports mounted, sometimes to as high as about 25 million pounds a year; then they dropped down again to around 5 million pounds and there they stayed until 1954. In that year the United States became the world's leading exporter, a position that it has retained ever since.

Two factors were primarily responsible for the United States taking the lead. By 1954 our domestic demand for variety meats had started to fall off, while our production continued its long-term upward trend. This situation presented the prospect of declining domestic prices, and sharply increased the need to export. Fortunately, foreign demand at this time was developing rapidly and attracted enough of our increasing production, at sufficiently satisfactory prices, to prevent the threatening price decline.

Our variety meat exports have continued to grow. By the end of 1959 the United States had almost doubled its export average of the 1951-55 period, and in that year it had a 25-percent share of the approximate 350 million pounds that moved in world trade. For 1960 our exports are expected to exceed 100 million pounds to set a new record. Import liberalization of some of these U.S. meats by West Germany and the United Kingdom early in 1959 and by France on January 1, 1960, has helped accelerate export gains.

This favorable export situation for variety meats benefits the U.S. livestock and meat industry as a whole. It helps livestock producers by slightly raising livestock prices, which in turn stimulate livestock and meat production. And from this, U.S. consumers gain by being offered, at lower prices, a greater supply of the carcass meats which they prefer to variety meats.

Conversely, a significant drop in variety meat exports would cause carcass meat prices to rise. A percentage change in the export volume of variety meats (in 1959 exports accounted for 11 percent of total U.S. production) results in a greater percentage change in their domestic prices; and with lower domestic prices for variety meats, sellers attempt to recover their losses, at least initially, by slight price increases on the preferred carcass items.

Current Outlook

This situation of increasing production and declining domestic demand is expected to continue indefinitely. Moreover, U.S. exporters now face greatly increased foreign competition and considerable uncertainty about maintaining some important markets.

Variety meat production for the world in general is trending upward. In the major exporting countries production is increasing substantially, domestic demand is decreasing in some of these countries and lagging behind production in others; and export levels are rising. Beginning in 1961 Australia, New Zealand, Denmark, and Ireland will furnish most of the increasing future competition. Argentina will join these countries in 1962 or 1963 with a substantial increase in exports. During 1959 some of these countries, particularly Australia and New Zealand, started accelerating their efforts to expand and develop markets for variety meats.

Within a few years the trade policies and programs of the European Economic Community (EEC)—West Germany, Italy, France, the Netherlands, and Belgium-Luxembourg—may change considerably the pattern of world variety meat trade. The extent of this change will depend to some extent on the outcome of the present negotiations at the Geneva meetings of the General Agreement on Tariffs and Trade (GATT), which are scheduled to end this summer.

For U.S. variety meat exports, particularly beef, these policies and programs could present some formidable hurdles. As proposed, the EEC import duty on U.S. variety meats would be gradually raised to 20 percent ad valorem. During 1959 the import duty ranged between 10 and 12 percent ad valorem in Benelux (Belgium, Netherlands, and Luxembourg), which took about 48 percent of U.S. exports to the EEC countries, and between 5 and 10 percent ad valorem in West Germany, which took about 46 percent. France imported the remaining 6 percent, and their import duty was between 15 and 20 percent. Also, duties on all classes of variety meat traded between EEC member countries, which in 1959 were the same as those on imports from the United States, will soon begin a process of gradual reduction, with complete elimination in a few years. Finally, there may be other restrictive measures, the nature of which is not clearly defined at this time.

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[1] The term "variety meats" as used here includes only livers, hearts, tongues, and kidneys since these items comprise the bulk of U.S. and other international trade under the "variety meat" or "offal" classifications.

The EEC countries as a group (principally West Germany, France, and the Netherlands) for several years have been the biggest foreign market for U.S. variety meats. In 1959 they took 71 million pounds, or more than 75 percent of our exports. However, in the first 9 months of last year their imports amounted to only 65 percent (55 million pounds) compared to 75 percent (50.3 million pounds) for the same period in 1959. This percentage decrease resulted mainly from larger direct shipments to the United Kingdom and smaller transshipment exports to that country via the Netherlands. Shipments to a few lesser markets, particularly Canada, increased substantially.

Eventually our trade with the EEC countries may decline if a greater degree of protection is imposed which would lead to increased domestic production. But for the next few years, EEC variety meat imports are expected to remain near the 1959 level or to increase slightly; and U.S. exporters can be expected to retain their share—slightly less than half—of this market, if they successfully meet the greater competition from other exporting countries, since the protective measures would apply equally to all nonmember countries.

Furthermore, domestic production gains by the EEC countries in the near future will not be sufficient to meet the increased demand and allow a reduction in imports from the 1959 level. During 1961 any cut at all would require them to raise their domestic output by more than 15 percent over 1959 to keep pace with demand if this demand continues to grow at the same rate as in the 1953-to-1959 period. This would be a very formidable task to accomplish.

Our Export Markets

Of our important export markets West Germany has been in the lead since 1959 when it imported about 35 million pounds. Prior to that time, the Netherlands was our No. 1 market, usually by a substantial margin. During January-September 1960, U.S. exports to West Germany were almost 28 million pounds, an increase of about 12 percent from the same period in 1959, while shipments to the Netherlands, at almost 21 million pounds, were about 6 percent less.

The United Kingdom has been our third leading market since 1958. In the first 9 months of 1960, it took 21 million pounds, almost three times the amount for the same period in 1959. The United Kingdom offers considerable potential for larger shipments of U.S. variety meats. Eradication of cholera in the United States and discontinuation of using virulent virus vaccine would help remove trade restrictions and thus greatly aid in the realization of this end. But competition will continue to be keen in this market because of the rising production trend there in addition to the greater competition of other exporting countries.

France, Canada, Mexico, Sweden, and Hong Kong have been the other important U.S. markets in the past. With the exception of Hong Kong—a market of great potential—all these countries increased their variety meat imports in 1960.

Developing New Markets

To absorb the expected increase in U.S. production and to replace any prospective losses in the EEC countries, present markets will have to be expanded and new markets developed. This calls for an "export-oriented" attitude on the part of the industry. It also requires that certain marketing practices be followed, such as close adherence to purchase specifications and proper control of quality so that products arrive at their destination in good condition. (Many competing countries now effectively use these practices as a major advantage over the United States.) These steps coupled with the continuing efforts to remove trade barriers would greatly help the United States to meet the increased competition and to maintain domestic prices.

A potential market for variety meats exists in a number of less developed countries, which have large populations that are increasing rapidly and where per capita incomes are rising. Bigger sales could be made to the more industrialized countries too, where some trade liberalization would unleash the existing effective demand. Among the countries where market development work could be initiated are the United Kingdom, Sweden, and Norway in Europe, Mexico and certain other Latin American countries, Malaya, Japan, Ceylon, and Hong Kong in Asia, and Nigeria and Ghana in Africa.

Throughout the history of U.S. variety meat exports nearly all have been for dollars and not under government export programs. In 1959 the value of U.S. variety meats sold on the combined domestic and foreign markets totaled approximately $195 million, which was about 1.5 percent of the U.S. meat industry's $13.4 billion gross sales. Record exports at $19.4 million were about 10 percent of this total variety meat revenue. They were also about 6 percent of the approximate $339 million worth of all livestock and meat product exports that year, compared with 4 percent in 1954.

This percentage growth for variety meats has been second only to the growth for mohair and natural hog casings, while the export value of some items has remained about even or shown only moderate increases, and that of others—lard, for example—has declined. Furthermore, this growth has continued into 1960, but if it is to carry over into the years ahead, renewed efforts are needed, not only to cope with competition that will undoubtedly grow stronger each year, but to replace some lost markets.

Released late in January by FAS was a summary of the current world situation for variety meats and other livestock products and of the efforts being made to further develop foreign markets for these commodities. Its title: Prospects for Foreign Trade in Livestock and Meat.

Italy Frees Few More Agriculture Imports

The Italian Government has further whittled down the list of products for which it requires import licenses, but among the 600 items thus newly liberalized effective December 14, agricultural ones are relatively few. They include rice, fresh apples and pears, nuts, seeds for sowing, fatback, bran, extenders for animal feeds, pectin, and salted, dried, and smoked meat and offals. In addition, Italy will freely permit imports of U.S. corn from January to June 30 and of U.S. barley from November 1 to April 1.

A number of important agricultural products can enter Italy without restriction when imported from countries belonging to the Organization for European Economic Cooperation, but still need licenses when imported from other countries. Among these are poultry, meat, grain sorghum, practically all animal and vegetable fats and oils, canned and frozen fruit juices, rye, and honey.

Argentina Cuts Export Tax To Boost Farm Trade

To strengthen its foreign trade position Argentina has reduced its export retention tax from 20 percent to 10 percent on exports of grains, tung nuts, and edible oilseeds. This step, which lowers the amount the government withholds from foreign receipts, should encourage exports by making Argentina's products more competitive.

Grains are currently Argentina's biggest foreign exchange earner. Oilseeds are highly important too, and should be even more so this year because of an exceptionally good harvest. Both commodities compete with U.S. products in world markets.

Philippines to Mill U.S. Flour Brands

An important West Coast firm has licensed the milling of its flour brands by the Philippine Republic's first and biggest flour milling company. Of these brands, currently being imported, one is already being milled by the Philippine firm; three others were scheduled for production in December.

The U.S. firm is bringing its established brands, its flour quality standards, and its milling techniques to the Philippines, and will supply the needed qualities of wheat. The Philippine firm will furnish the milling facilities and distribute the products.

This agreement may accelerate an import trend toward wheat and away from flour that began in 1958 when the Philippine mill was built. With a monthly output of some 20 million pounds of flour, this firm now supplies more than half the country's flour needs.

Cambodia Exporting Record Amounts of Rice and Corn

Of Cambodia's three major agricultural exports—rice, corn, and rubber—two reached postwar records in 1960, but because of lower prices received the value of these exports may not be any higher than for 1959.

The three crops account for two-thirds of the country's foreign earnings. Cambodia is one of the world's largest rice exporters, its shipments going mainly to France, Singapore, and Hong Kong. Preliminary 1960 data show record exports of 396,000 metric tons for rice and 165,000 for corn; but rubber exports, at 37,000 tons, were somewhat less than 1959's. The United States is Cambodia's best rubber customer, France its No. 1 corn market.

Red China and Burma Extend Trade Pact

The trade agreement extension that Communist China recently signed with Burma calls for China's buying 300,000 to 400,000 tons of rice from Burma's just-harvested crop, for shipment in 1961. China will very likely send cotton textiles and light manufactures, as it has in previous years.

This agreement grew out of the recent negotiations to settle the China-Burma border dispute and reopen the Burma road. Plans call for at least 10 percent of the total trade under the agreement to go by that road.

The China-Burma rice trade dates back to the early 1950's, years when Burma had burdensome rice surpluses. This year, Burma will have only about 1.7 million tons of milled rice available for export, and world demand is heavy. Rice, however, is one of the few commodities Burma can supply (besides rubber) to reduce its chronic payments deficit with China—something it is anxious to do.

Why China, a large exporter of rice itself in recent years, is importing this Burmese rice is not quite clear. Possibly it means to use these purchases as a hedge to protect its own rice export commitments. One such commitment is to Cuba, which is reported to have bought 100,000 tons for delivery during 1960-61 and to have received the first shipment last November.

Thai Smokers Prefer U.S.-Type Cigarettes

Thailand's domestic brands of cigarettes containing high proportions of U.S. leaf are proving popular with smokers in that country. Sales in the first 9 months of 1960 totaled 6,695 million pieces—up 441 million from the same period in 1959.

The two best known brands are "Samit" and "Gold City" which have been extensively advertised by the Thai Tobacco Monopoly in a joint market development program with the U.S. tobacco industry and the U.S. Department of Agriculture. "Gold City 85," a king-size cigarette made up almost entirely of U.S. leaf which was introduced in March, reached 58 million by the end of the year.

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USSR Still Making Big Grain Shipments

Lower grain production last year has not stopped the Soviet Union from shipping large quantities abroad. An agreement to sell 125,000 metric tons of soft wheat to Italy is reported as well as a sale of $8.4 million worth of wheat to the United Kingdom. Austria, according to a pending agreement, is slated to get 100,000 tons of wheat and 400,000 tons of feed grains.

The Soviet Union also has relatively large amounts of barley for sale and is offering it at attractive prices in Western Europe. Currently, Russian barley is selling at around $54.00 per metric ton in the United Kingdom, but even at this price is meeting competition, mainly from Australian and French barley. Australia expects to have 800,000 metric tons available, some as low as $52.60 a ton, while France may be able to offer about 700,000 tons.

Cuba and Colombia To Grow More Peanuts

Cuba and Colombia, hoping to become self-sufficient in vegetable oils, are planning to expand their peanut acreage. In 1959-60 Cuba imported 22,600 tons of vegetable oils, 59 percent from the United States and 40 percent from Spain.

Cuba's 1960 peanut crop is estimated at 20,000 short tons, about double the previous year's output. Colombia's plans call for 300,000 acres to be planted in peanuts this year compared to 5,000 acres in 1960.

Trade Between the U.K. And Rumania To Expand

The United Kingdom and Rumania, in a recently signed trade agreement, are expected to greatly expand their trade for the year ending September 30, 1961. Trade between the two countries last year amounted to around $25 million, double that of 1959.

High on the list of commodities to be exchanged are agricultural and forestry products. Rumania will continue to sell corn and timber on the British market without any import quotas. (The corn sales are particularly important to Rumania because of decreasing exports to the USSR.) In addition, Rumania hopes to sell Britain over $1 million worth of wine, $840,000 of fruits and vegetables, and $450,000 of horse meat. No definite quotas were agreed on for pork or beef.

The largest U.K. agricultural exports will be $1.4 million worth of wool tops, noils, and waste. Fish of all kinds will be important too; however, factories and machinery will continue to dominate U.K. exports to Rumania.

African Coffee Countries Set Up Joint Organization

So important has Africa's Robusta coffee become in coffee trade circles that late last year The Inter-African Coffee Organization was formed to study the problems connected with its growth and marketing. Stabilization of prices is considered the most urgent.

Member countries of the organization are the Republics of Cameroun, Congo (Brazzaville), Ivory Coast and Gabon, the Central African Republic and the Malagasy Republic, Kenya, Tanganyika, Uganda, and Portugal, whose overseas province of Angola is a major Robusta coffee grower. The former Belgian Congo is not a member of the group.

The headquarters of the new organization will be in Paris. To finance it, member countries will be taxed on the basis of $0.01 U.S. per 60 kilogram bag of coffee sold abroad during the 1959-60 marketing season.